Supplementary Information for Legislative Review

2001 - 2002 Departmental Expenditure Estimates

Manitoba
Employee Pensions
and Other Costs

101-04785/

EMPLOYEE PENSIONS AND OTHER COSTS

SUPPLEMENTARY INFORMATION

FOR

LEGISLATIVE REVIEW

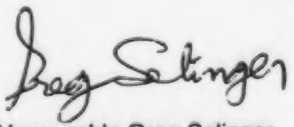
2001-2002 EXPENDITURE ESTIMATES

PREFACE

This document has been produced by the Department of Finance and is intended to provide additional background information on Employee Pensions and Other Costs to complement the information contained in the 2001 Manitoba Estimates of Expenditure for the fiscal year ending March 31, 2002.

The contents of this supplement are organized into three parts. The first part provides an overview of Employee Pensions and Other Costs' 2001-2002 estimates of expenditure. The second part provides financial information including details for each of the programs while part three provides historical information.

This document has been developed to assist Members of the Legislature in the review of the 2001 Manitoba Estimates of Expenditure. It is hoped that it will provide meaningful additional information and that it will meet the needs of the users of the information. I welcome feedback as to the usefulness of this supplementary information.



Honourable Greg Selinger
Minister of Finance

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PART I

DEPARTMENTAL OVERVIEW

EMPLOYEE PENSIONS AND OTHER COSTS

MINISTER

Honourable Greg Selinger

SECRETARY TO TREASURY BOARD

Don Potter

OVERVIEW

The Benefits Administration branch of Labour Relations Services, Treasury Board Secretariat, is responsible for providing central administrative services to government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and personnel policies. Negotiated plans include the Ambulance & Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drug and Long Term Disability plans. The branch manages the chargeback and recovery of workers' compensation costs from government departments and agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance, Employment Insurance and the Levy for Health and Post-Secondary Education.

As part of the recent collective agreements, changes to the benefit plans for provincial employees were negotiated that impact on the 2001-2002 Estimates. A new Prescription Drug Plan will be implemented October 1, 2001 and is included for the first time in these estimates. In addition, the maximum claim amount was increased for the Vision Care and Dental plans, and partial Vision Care Plan benefits were extended to families of part-time employees previously not covered. Also, severance pay eligibility for retiring employees was extended by an additional two weeks of pay for every five years of service in excess of 15 years, to a maximum of eight additional weeks. This is in addition to the base eligibility for employees with nine or more years of service of one week for each complete year of service, to a maximum of 15 weeks. This increases the annual provision for this liability included in these estimates.

SCHEDULE 1

EMPLOYEE PENSIONS AND OTHER COSTS
EXPENDITURE SUMMARY
BY APPROPRIATION

		Estimates of Expenditure 2001/2002 $(000s)	Change From 2000/2001 %	Estimates of Expenditure 2000/2001 $(000s)*
1.	Employee Pensions And Other Costs	**57,358.2**	6.5	53,859.1
TOTAL APPROPRIATIONS FOR EMPLOYEE PENSIONS AND OTHER COSTS		**57,358.2**	6.5	53,859.1

***Reconciliation Statement**
$ (000s)

Printed Estimates of Expenditure 2000/2001	53,859.1
Estimates of Expenditure 2000/2001 (Adjusted)	53,859.1

SCHEDULE 2

EMPLOYEE PENSIONS AND OTHER COSTS
EXPENDITURE SUMMARY
BY SUB-APPROPRIATION

ELEMENT	ESTIMATES OF EXPENDITURE 2001/2002 $(000s)		ESTIMATES OF EXPENDITURE 2000/2001 $(000s)	
Civil Service Superannuation Plan		**51,843.2**		50,344.1
Other Salary Related Benefits		**5,500.0**		3,500.0
Workers' Compensation Board:				
Assessments re: Accidents to Government Employees	**4,281.0**		3,816.0	
Less: Recoverable from other appropriations	**(4,266.0)**		(3,801.0)	
		15.0		15.0
Canada Pension Plan	**23,068.0**		19,466.0	
Employment Insurance Plan	**19,956.0**		17,747.4	
Civil Service Group Life Insurance	**1,747.0**		1,645.6	
Dental Plan	**5,970.0**		5,845.5	
Vision Care	**1,099.5**		1,052.4	
Prescription Drug Plan	**1,327.0**		-	
Ambulance and Hospital Semi-Private Plan	**308.7**		308.7	
Long Term Disability Plan	**4,022.0**		3,497.0	
Levy for Health and Post-Secondary Education	**14,429.0**		13,803.4	
		71,927.2		63,366.0
Less: Recoverable from other appropriations		**(71,927.2)**		(63,366.0)
TOTAL FOR EMPLOYEE PENSIONS AND OTHER COSTS		**57,358.2**		53,859.1

PART 2

PROGRAM AND FINANCIAL INFORMATION

Resolution No.	Approp. No.	Employee Pensions and Other Costs (6) Details of Appropriation	**Estimates of Expenditure 2001/2002 $(000s)**	Estimates of Expenditure 2000/2001 $(000s)
6.1	1.	EMPLOYEE PENSIONS AND OTHER COSTS	**57,358.2**	53,859.1
		Provides for the cost of various payments related to employees including: pension payments to retired employees of the Manitoba Government and its various boards, commissions and agencies; severance and separation pay liability; and other payments by the government as an employer.		
		a) Civil Service Superannuation Plan	**51,843.2**	50,344.1
		b) Other Salary Related Benefits	**5,500.0**	3,500.0
		c) Workers' Compensation Board		
		(1) Assessments re: Accidents to Government Employees	**4,281.0**	3,816.0
		(2) Less: Recoverable from other appropriations	**(4,266.0)**	(3,801.0)
		Sub-total (c)	**15.0**	15.0
		Sub-total (a) to (c)	**57,358.2**	53,859.1
		d) Canada Pension Plan	**23,068.0**	19,466.0
		e) Employment Insurance Plan	**19,956.0**	17,747.4
		f) Civil Service Group Life Insurance	**1,747.0**	1,645.6
		g) Dental Plan	**5,970.0**	5,845.5
		h) Vision Care	**1,099.5**	1,052.4
		j) Prescription Drug Plan	**1,327.0**	-
		k) Ambulance and Hospital Semi-Private Plan	**308.7**	308.7
		m) Long Term Disability Plan	**4,022.0**	3,497.0
		n) Levy for Health and Post-Secondary Education	**14,429.0**	13,803.4
		Sub-total (d) to (n)	**71,927.2**	63,366.0
		p) Less: Recoverable from other appropriations	**(71,927.2)**	(63,366.0)
		TOTAL APPROPRIATIONS FOR EMPLOYEE PENSIONS AND OTHER COSTS	**57,358.2**	53,859.1

	Estimates of Expenditure 2001/2002 $(000s)	Estimates of Expenditure 2000/2001 $(000s)
CIVIL SERVICE SUPERANNUATION PLAN Provides funding for the employer's share (50%) of pensions paid to retired civil servants in 2001/2002, including the annual cost of living increase. In addition to this funding, commencing in 2000/01, the province has allocated funds in its annual Budget to match the annual pension contribution for all civil servants hired after April 1, 2000. As well, the province has provided funding to reduce the accumulated pension liability related to existing employees. This additional funding is not included in the Estimates of Expenditure for the Operating Fund.	**51,843.2**	50,344.1
OTHER SALARY RELATED BENEFITS Provides for the annual increase in the liabilities for severance, vacation and overtime entitlements for employees who have met the service requirements stated in the collective agreement and are still members of the civil service. Severance and overtime entitlements were enhanced in the last collective agreement resulting in an increase in the annual liability for these benefits.	**5,500.0**	3,500.0
WORKERS' COMPENSATION BOARD Assessment re: Accidents to Government Employees Less: Recoverable from other appropriations Provides for the annual payments to government employees injured at work as assessed by the Workers' Compensation Board (WCB) as well as fees paid to WCB for administration of the compensation plan. The annual payments are recovered from other departments in respect of their employees. The province is self-insured with respect to workers' compensation payments, although the WCB provides administrative and assessment services.	**4,281.0** **(4,266.0)** **15.0**	3,816.0 (3,801.0) 15.0
CANADA PENSION PLAN Provides for the employer's matching contribution as required under the Canada Pension Plan Act for all eligible civil servants.	**23,068.0**	19,466.0
EMPLOYMENT INSURANCE PLAN Provides for the employer's share of premiums as required under the Employment Insurance Act for of all civil servants.	**19,956.0**	17,747.4

	Estimates of Expenditure 2001/2002 $(000s)	Estimates of Expenditure 2000/2001 $(000s)
CIVIL SERVICE GROUP LIFE INSURANCE Provides for the government's share (one-third) of payments under The Public Servants Insurance Act that provides for basic insurance coverage, including group life and accidental death and dismemberment insurance, for all eligible civil servants. Life insurance is provided to employees of up to five times their annual salary, to a maximum of $1.0 million. The employer contribution is 27.5% of the first four multiples only (employee funds 100% of the fifth multiple). The province self-insures accidental death and disablement insurance which is based on the employee's annual salary multiplied by class (1 to 5), as selected under the life insurance plan, up to a specified maximum.	**1,747.0**	1,645.6
DENTAL PLAN As negotiated under various collective agreements or as provided in the Regulations under the Civil Service Act, the Dental Plan provides coverage for basic and major restorative dentistry to all eligible civil servants. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee. The plan pays for eligible dental care expenses, to a specified maximum, for both full-time and part-time employees. Effective January 1, 2002, the annual maximum will increase to $1,200.00 for full-time employees and $600.00 for part-time employees and the orthodontic lifetime maximum will increase to $1,400.00 for full-time employees and $700.00 for part-time employees.	**5,970.0**	5,845.5
VISION CARE As negotiated under various collective agreements or as provided in the Regulations under the Civil Service Act, the Vision Care Plan provides coverage for prescription lenses and eye examinations for eligible civil servants. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee. Full-time employees are reimbursed 80% for eligible vision care expenses, to a maximum of $200.00 while part-time employees are reimbursed 40% for eligible vision care expenses, to a maximum of $100.00, in each 24 month period	**1,099.5**	1,052.4

	Estimates of Expenditure 2001/2002 $(000s)	Estimates of Expenditure 2000/2001 $(000s)
PRESCRIPTION DRUG PLAN As negotiated under various collective agreements, or as provided in the Regulations under the Civil Service Act, effective October 1, 2001 the plan will provide coverage for prescription drugs for eligible civil servants. The Plan carrier (Manitoba Blue Cross) will be reimbursed for payments made to government employees under the plan as well as an administrative fee. The province will self-insure the plan with a maximum benefit of $500.00 per family per calendar year.	**1,327.0**	-
AMBULANCE AND HOSPITAL SEMI-PRIVATE PLAN As negotiated under various collective agreements, the Supplementary Health Plan provides for Ambulance and Hospital Semi-Private Plan to all eligible civil servants. The plan is self-insured with both full-time and part-time employees eligible for coverage, although part-time employees are eligible for single coverage only. Premium payments to the plan carrier (Manitoba Blue Cross) are made, based on the number of eligible employees.	**308.7**	308.7
LONG TERM DISABILITY PLAN As negotiated under various collective agreements, or as provided by contract between the government and an insurance company, the LTD Plan provides partial income protection to eligible full-time and part-time employees. The province is self-insured with the plan carrier (Great West Life) being reimbursed for payments made to government employees under the plan as well as administrative fees and expenses.	**4,022.0**	3,497.0
LEVY FOR HEALTH AND POST-SECONDARY EDUCATION Provides for the province's payment as required by the Health and Post-Secondary Education Tax Levy Act.	**14,429.0**	13,803.4
RECOVERIES FROM OTHER APPROPRIATIONS Provides for the recovery from other departments for the cost of the various employee benefits plans and related overhead charges, with the exception of the Civil Service Superannuation Plan and a portion of Workers' Compensation Board assessments.	**(71,927.2)**	**(63,366.0)**

PART 3

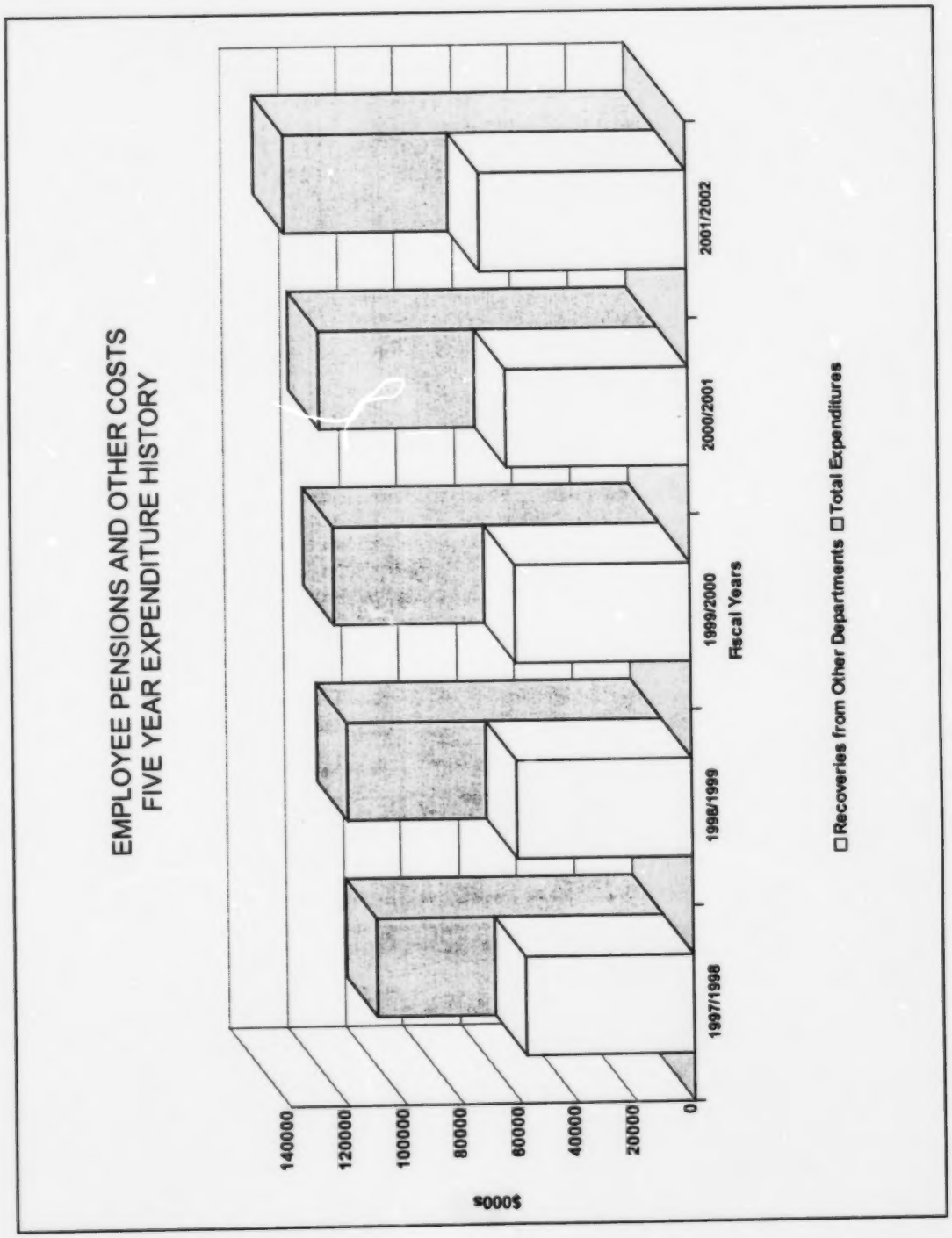
HISTORICAL INFORMATION

EMPLOYEE PENSIONS AND OTHER COSTS
FIVE YEAR EXPENDITURE SUMMARY BY SUB-APPROPRIATION
($000)
FOR YEARS ENDING MARCH 31, 1998 - MARCH 31, 2002

SUB-APPROPRIATION	ACTUAL EXPENDITURES*			ADJUSTED VOTE	ESTIMATES
	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
Civil Service Superannuation Plan	41,048.2	44,553.6	46,033.4	50,344.1	51,843.2
Other Salary Related Benefits	493.3	3,310.5	6,203.0	3,500.0	5,500.0
Workers' Compensation Board	(282.1)	50.5	659.9	15.0	15.0
Canada Pension Plan	14,481.0	15,741.8	17,247.1	19,466.0	23,068.0
Employment Insurance Plan	20,868.8	19,788.1	18,516.1	17,747.4	19,956.0
Group Life Insurance Plan	1,658.7	1,675.6	1,561.2	1,645.6	1,747.0
Dental Plan	4,508.7	5,218.2	4,845.4	5,845.5	5,970.0
Vision Care	0.0	934.4	954.8	1,052.4	1,099.5
Prescription Drug Plan	0.0	0.0	0.0	0.0	1,327.0
Ambulance and Hospital Semi-Private Plan	138.7	202.0	231.3	308.7	308.7
Long Term Disability Plan	2,341.8	2,928.1	3,203.0	3,497.0	4,022.0
Levy for Health and Post-Secondary Education	14,019.8	14,382.9	13,704.3	13,803.4	14,429.0
Recoveries from other Appropriations	(58,196.7)	(60,809.5)	(60,670.5)	(63,366.0)	(71,927.2)
TOTAL	41,080.2	47,976.2	52,489.0	53,859.1	57,358.2

*Adjusted figures reflect historical data on a comparable basis in those appropriations affected by reorganization during the years under review.

1. Commencing with the 1998/99 fiscal year, the government will be recording its liability (Other Salary Related Benefits) for severance and separation pay earned and payable on retirement.
2. Ambulance & Hospital Semi-Private Plan premium payments were suspended in accordance with the 1994-96 Government Employees Master Agreement which permits the transfer of surplus funds from the plan to the province in order to achieve a target reduction of $0.45 million. Payments were reinstated effective August 1997.
3. Vision Care is a new benefit that came into effect July 1, 1998.
4. Prescription Drug Plan is a new benefit that will come into effect October 1, 2001.


EMPLOYEE PENSIONS AND OTHER COSTS
FIVE YEAR EXPENDITURE HISTORY
$000s
140000
120000
100000
80000
60000
40000
20000
0
1997/1998
1998/1999
1999/2000
2000/2001
2001/2002
Fiscal Years
Recoveries from Other Departments
Total Expenditures